UEC July 12, 2012

To: William Honker

Attached are pertinent excerpts, maps and geologic cross-sections from UEC's Mine Permit Application (MPA) and Production Area Authorization Application (PAAA) that provide information specific to a request for additional information on a few points. Additional information will follow tomorrow afternoon. UEC believes the information is fully responsive to the request made by Region 6 for some additional information regarding (1) the hydraulic isolation between the production sands (Sands A, B, C, and D); (2) the direction of local (graben) groundwater flow between the two faults; and (3) the fact that up-gradient wells within ¼ mile of the aquifer exemption (AE) boundary will not draw water from the production area. Because the attached excerpts, cross-sections and maps are for the most part self-explanatory, a detailed account of what they convey will not be offered in this cover letter. Although the information is self explanatory, a very brief summary is given below that highlights the important points.

Summary

- Pertinent sections of the MPA and the PAAA have been highlighted in red and yellow to guide the reader to those parts that describe all four production sands within the permit area as being hydraulically isolated from each other.
- The enclosed cross-sections from both the MPA and the PAAA graphically show the thick aquitards that exist between the production sands. Highlights in the MPA and PAAA state that the aquitards are pervasive across the permit area. In brief, the project site has ample vertical confinement.
- The pump test that was conducted for PAA-1 provides additional proof that vertical confinement is in place. The test also concluded that the monitor well ring effectively communicates with the production sand.
- Key information from UEC's groundwater model (to be provided tomorrow) shows that groundwater movement within the graben is from west to east.
- Additional information garnered from on-site evaluations, including modeling will show that up-gradient wells within a quarter mile of the AE boundary will not draw water from the production area. This information will be provided via email tomorrow.

UEC appreciates your prompt attention to this matter. Please let us know if you have any questions.

Sincerely,

Harry L. Anthony

Chief Operating Officer

cc: TCEQ